

Republicans worry proposed tax breaks will drive away jobs

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WASHINGTON (AP) - Some House Republicans are rebelling against a \$128 billion package of business tax cuts aimed at helping U.S. manufacturers and endorsed by GOP leaders, griping that it offers too much to multinational corporations that are moving plants and jobs overseas.

"Who wants to vote for a bill to make cheap imports cheaper?" asked Rep. Donald **Manzullo**, R-Ill. "It is looked upon as a trade bill because we're going to reward companies to move production offshore. Who wants that?"

Twenty-three Republicans, including **Manzullo**, have told the House's Republican leadership they don't want that. They signed a rare public letter declaring they want the bill changed.

House Speaker Dennis Hastert, R-Ill., acknowledged Thursday that the GOP doesn't have enough votes yet to pass the bill, and is getting an earful from anxious lawmakers.

"Members are frustrated. Don **Manzullo** and folks like that are frustrated," he said. "They've seen a lot of jobs disappear from their district and go to other places."

The bill's supporters voice optimism that members will change their minds when they learn more about the tax cuts in the bill.

Rep. Jennifer Dunn, R-Wash., who hesitated to support the bill before cementing changes so that software giant Microsoft would benefit from its tax cuts, is now selling the bill to other members. She said two of the 23 members opposing it have already changed their minds.

"They'll support the bill," she said. "You just have to do it one by one."

A group of lawmakers lobbied hard most of the year for a tax cut aimed at American manufacturers, hoping to give the struggling sector a competitive boost in world markets. The House Ways and Means Committee passed those tax cuts, and more than \$70 billion of the bill's benefits go to manufacturers. The 10-year package of \$128 billion in tax cuts would cost the U.S. Treasury \$60 billion. A portion of its cost is paid for by items that close tax shelters.

The bill also changes international tax rules and cuts taxes on multinational corporations, which Democrats estimate add up to \$40 billion over a decade.

Republicans on the House Ways and Means Committee have repeatedly circulated studies showing that U.S. multinationals generate millions of American jobs, but members who see layoffs in their districts say the tax cuts for multinational corporations will only make the job losses worse.

"It's because of the problems right now with manufacturing, the competition with China in particular," said Rep. Sue Myrick, R-N.C., who leads an organization of the House's most conservative Republicans.

The divide among members is economic, not ideological, she said. "I think it's very split," she said. "It depends on what your district's like."

Many of the members publicly opposed to the bill come from regions with manufacturing job losses, such as Illinois, Pennsylvania, North Carolina and Ohio. Rep. Jack Quinn, R-N.Y., said many lawmakers from New York remain undecided and will formally present their concerns to GOP leaders.

Rep. Ray LaHood, R-Ill., said 20 to 40 Republicans oppose the bill. He said he cannot vote for it because it will effectively raise taxes on Caterpillar, Inc., headquartered in his Peoria district.

"They don't have the votes for passage," he said. "It's not going to pass this year."

Most frustrating for some members is that they have to debate the bill at all. Congress has been forced into rewriting its tax laws because the World Trade Organization declared a \$5 billion annual tax break for exporters illegal.

The manufacturing and international tax breaks are designed to replace the benefits that will be lost when Congress abolishes a disputed break for exporters. The European Union will impose as much as \$4 billion in sanctions beginning next spring if the rules aren't changed.

"My gut feeling about this is we fought a revolution 230 years ago to stop Europeans from telling us how we had to tax in this country," Hastert said. "It puts the hair up on the back of my neck that we have to do this at all, but we have to do it."